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Draft of terms of reference
Standing Committee on Commodities

Agreed text submitted by the Chairman of Drafting Group A

1. To promote sound, compatible and consistent policies, which, inter alia, take into account market trends, at national and international levels in the commodity field.

2. To undertake periodic and global reviews, studies and analyses of the situation of, and prospects for, commodities, and to compile statistical reports on commodity production, prices and trade.

3. To undertake analyses and identify approaches on commodity policies, bearing in mind both, as appropriate, Conference resolution 93(IV) and the particular characteristics and situation of individual commodities, including the particular problems of the Least Developed Countries. This work should help to achieve the following:

a) improving the functioning of commodity markets by reducing the distortions affecting supply and demand;

b) optimizing the contribution of the commodities sector to development by, inter alia, working towards greater cost-effectiveness and productivity, thereby enhancing competitiveness;

c) reviewing and comparing national policies with the aim of enhancing the competitiveness of the commodity sector, taking into account market trends;

d) achieving a gradual reduction in excessive dependence on the export of primary commodities through horizontal and vertical diversification of production and exports as well as crop substitution, within a macroeconomic framework that takes into consideration a country's economic structure, resource endowments and market opportunities;

e) progressive removal of trade barriers, i.e. trade liberalization, for commodity products;

f) improving market transparency;

g) exploring the links between commodity policies, sound management of natural resources and achievement of sustainable development;

h) exploring greater use and efficiency of various mechanisms for risk management, having in mind the objective of minimizing the risks arising from commodity market fluctuations, including market-linked price-hedging mechanisms such as commodity futures and options and related longer-term mechanisms such as commodity swaps, bonds and loans, obstacles to their potential use and modalities for overcoming them;

i) analysing problems stemming from commodity-related shortfalls of developing countries and reviewing developments in the field of compensatory financing of export earnings shortfalls.

4. To facilitate and co-ordinate activities of bodies involved in the commodity field.

5. To follow and facilitate, as appropriate, intergovernmental consultations and action among interested countries on the problems of particular commodities or groups of commodities; to analyse the need for, and encourage when considered necessary, the achievement of viable and efficient international agreements or arrangements that take into account market trends, as well as study groups, both autonomous and within UNCTAD.

6. To assist the Board in assessing the question of a world conference on commodities as provided for in the decision "World Commodity Conference" adopted at the eighth session of the Conference.

7. To assist it in its work, the Committee may have, as subsidiary organs, the Intergovernmental Group of Experts on Tungsten and the Intergovernmental Group of Experts on Iron Ore.

8. To deal with other items within the field of commodities directed to it by the Board.